

Methodology Workshop

Business Entry

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Agenda

1 Motivation

2 Indicators:

- a Pillar I – Quality of Regulations for Business Entry
- b Pillar II - Digital Public Services and Transparency of Information for Business Entry
- c Pillar III - Operational Efficiency of Business Entry

3 Changes in Methodology

4 Parameters

5 Preliminary Topic Scoring

6 Data Sources

1. Motivation – Why does Business Entry matter?

Advantages of Registered Companies

- Legal and financial services provided by courts and banks.
- Employees enjoy social security protection.

Positive Economic Spillovers

- High formal entrepreneurship leads to job creation and economic growth.
- Expanding tax base enables government spending on productivity-enhancing areas and other social policy goals.

Barriers to Entry and Solutions

- Higher costs for business start-ups are associated with lower business entry, employment, and productivity.
- Cumbersome regulations for business start-ups are associated with high levels of corruption and informality.
- Digital technology and transparency can reduce compliance costs and encourage business formalization.
- Transparent data is crucial for a good business environment, enabling governments to create effective policies and market participants to assess risks, while deterring illicit activities.

2. Indicators



Regulatory Framework





Quality of Regulations for Business Entry

1. Information and Procedural Standards
2. Absence of Restrictions on Registering a Business



Public Services

Digital Public Services and Transparency of Information for Business Entry

1. Digital Services 
2. Interoperability of Services 
3. Transparency of Online Information  



Operational Efficiency

Operational Efficiency of Business Entry

1. Domestic Company
2. Foreign Company



Gender



Adoption of Digital Technologies

a. Pillar I – Quality of Regulations for Business Entry

1.1 Information and Procedural Standards

- 1.1.1 Company Information Filing Requirements
- 1.1.2 Beneficial Ownership Filing Requirements
- 1.1.3 Availability of Simplified Registration
- 1.1.4 Risk-Based Assessment for Operating Business Licenses

1.2 Absence of Restrictions on Registering a Business

- 1.2.1 Domestic Companies
- 1.2.2 Foreign Companies

a. Pillar I – Quality of Regulations for Business Entry



Category 1.1 Information and Procedural Standards

› What

This category assesses if the regulatory framework includes good practices that promote a secure and transparent environment for business entry, such as the requirement to verify the identity of entrepreneurs and beneficial owners.

› Why

Good practices on information and procedural standards promote an efficient use of firms and governments' resources while ensuring safety of processes, such as the possibility to use standard registration forms for domestic and foreign companies and apply risk-management.



Category 1.2 Absence of Restrictions on Registering a Business

› What

This category assesses regulatory restrictions for business entry, such as the requirement to deposit a minimum capital or apply for an operating license. Restrictions are assessed for local as well as foreign companies.

› Why

Restrictions on registering a business can create obstacles to firm development and hinder the potential of new companies. For instance, a more restrictive regulatory framework for international investors is associated with reduced inflows of FDI.

a. Pillar I – Quality of Regulations for Business Entry

Preliminary Scoring

	No. of indicators	FFP *	SBP*	Total points	Rescaled points
1.1 Information and Procedural Standards	19	6	19	25	50.00
1.1.1 Company Information Filing Requirements	7	n/a	7	7	10.00
1.1.2 Beneficial Ownership Filing Requirements	6	n/a	6	6	20.00
1.1.3 Availability of Simplified Registration	4	4	4	8	15.00
1.1.4 Risk-Based Assessment for Operating Business Licenses	2	2	2	4	5.00
1.2 Absence of Restrictions on Registering a Business	12	12	1	13	50.00
1.2.1 Domestic Companies	5	5	1	6	25.00
1.2.2 Foreign Companies	7	7	n/a	7	25.00
Total	31	18	20	38	100.00

FFP

SBP

*Scoring will consider the perspectives of entrepreneurs (firm flexibility points) and broader public interests (social benefits points).

Note: n/a = not applicable (refers to the cases when the impact on firms or society is either ambiguous or nonexistent).

b. Pillar II – Digital Public Services and Transparency of Information for Business Entry

2.1 Digital Services

2.1.1 Business Start-Up Process

2.1.2 Storage of Company and Beneficial Ownership Information

2.1.3 Identity Verification

2.2 Interoperability of Services

2.2.1 Exchange of Company Information

2.2.2 Unique Business Identification

2.3 Transparency of Online Information

2.3.1 Business Incorporation (includes gender)

2.3.2 Availability of General Company Information

2.3.3 General and Sex-Disaggregated Company Statistics

b. Pillar II – Digital Public Services and Transparency of Information for Business Entry



Category 2.1 Digital Services

› What

This category assesses the quality of infrastructure at business entry agencies through the availability of online services. Online services include the storage of company records and business start-up services such as payment of fees.

› Why

Digital public services contribute to more transparent, accessible, and efficient processes.



Category 2.2 Interoperability of Services

› What

This category assesses the availability of electronic systems to exchange information across business entry agencies, as well as the existence of automated systems to identify companies.

› Why

Interoperability of services enhance efficiency and reliability of processes, while ensuring trustworthiness of information.

b. Pillar II – Digital Public Services and Transparency of Information for Business Entry



Category 2.3

Transparency of Online Information

› What

This category assesses the transparency and accessibility of information related to start-up processes, company information, and firm statistics. It assesses, for instance, if the steps to open a company are publicly available online.

› Why

Transparent and easily accessible information reduces compliance costs and makes processes more predictable and accountable.

b. Pillar II – Digital Public Services and Transparency of Information for Business Entry

Preliminary Scoring

	No. of indicators	FFP*	SBP*	Total points	Rescaled points
2.1 Digital Services	11	11	11	22	40.00
2.1.1 Business Start-Up Process	6	6	6	12	20.00
2.1.2 Storage of Company and Beneficial Ownership Information	3	3	3	6	10.00
2.1.3 Identity Verification	2	2	2	4	10.00
2.2 Interoperability of Services	4	4	4	8	20.00
2.2.1 Exchange of Company Information	2	2	2	4	10.00
2.2.2 Unique Business Identification	2	2	2	4	10.00
2.3 Transparency of Online Information	9	9	9	18	40.00
2.3.1 Business Incorporation (includes gender)	4	4	4	8	20.00
2.3.2 Availability of General Company Information	2	2	2	4	10.00
2.3.3 General and Sex-Disaggregated Company Statistics	3	3	3	6	10.00
Total	24	24	24	48	100.00



*Scoring will consider the perspectives of entrepreneurs (firm flexibility points) and broader public interests (social benefits points).

c. Pillar III – Operational Efficiency of Business Entry

3.1 Domestic Company

3.1.1 Time to Complete the Entire Company Entry Process for a Domestic Company

3.1.2 Cost to Complete the Entire Company Entry Process for a Domestic Company

3.2 Foreign Company

3.2.1 Time to Complete the Entire Company Entry Process for a Foreign Company

3.2.2 Cost to Compete the Entire Company Entry Process for a Foreign Company

c. Pillar III – Operational Efficiency of Business Entry



Category 3.1
Domestic Company



Category 3.2
Foreign Company

› What

.The Pillar III assesses the cost and time it takes to incorporate both domestic and foreign companies

› Why

The ease of incorporating a company is associated with more firms undergoing a new business activity. The time-efficiency of the business incorporation process is a key factor for fostering formal sector entrepreneurship. At the same time, an inexpensive business entry process is key for the promotion of formal entrepreneurship. The provision of registration services at low cost can encourage the incorporation of small and medium-sized enterprises.

c. Pillar III – Operational Efficiency of Business Entry

Preliminary Scoring		No. of indicators	FFP	SBP	Total Points	Rescaled points
3.1	Domestic Company	2	100	n/a	100	50.00
3.1.1	Time to Complete the Entire Company Entry Process for a Domestic Company	1	100	n/a	100	25.00
3.1.2	Cost to Complete the Entire Company Entry Process for a Domestic Company	1	100	n/a	100	25.00
3.2	Foreign Company	2	100	n/a	100	50.00
3.2.1	Time to Complete the Entire Company Entry Process for a Foreign Company	1	100	n/a	100	25.00
3.2.2	Cost to Complete the Entire Company Entry Process for a Foreign Company	1	100	n/a	100	25.00
Total		4	100	n/a	100	100.00



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3. Changes in Methodology

B-Ready 2026

Major Revision

➤ Restructuring Subcategory 1.1.3–Simplified Registration

Pillar I's 'Simplified Registration' subcategory was restructured for consistency, replacing broad multi-entity questions with focused indicators on LLC registration and standardized forms, now separated for domestic and foreign companies.

➤ Absence of Restrictions on Registering a Business

Category 1.2 was streamlined by removing low-variation indicators, and restriction questions were refined to capture varying severity levels rather than simply whether restrictions exist

➤ Thematic Reorganization: Pilar I and Pillar II

Pillars I and II were reorganized from separate sections into thematic groups, pairing legal requirements (e.g., name registration) with related public services (e.g., online search tools) for improved flow.

➤ Pillar III: Updated Case Study Assumptions

Pillar III case studies now include shareholder and employee parameters for greater detail. Start-up capital was revised: domestic companies in high-income economies capped at USD 13,936; foreign companies set at USD 500,000 across all economies.

3. Changes in Methodology B-Ready 2026 (continued)

Minor Revisions

➤ Structural Refinements: Pillars I & II

Under **Pillar I (Subcategory 1.1.4–Risk-Based Assessment for Operating Business Licenses)** and **Pillar II (Subcategory 2.3.1–Business Incorporation)**, indicators regarding environmental permit legislation and online information availability were removed. These deletions were made due to limited variation in practices across different economies, ensuring the framework remains focused on high-impact data.

In Pillars I and II, several subcategories were updated for clarity, such as Subcategory 2.1.2–Storage of Company and Beneficial Ownership Information. To improve readability, complex queries were unbundled: the questionnaire now first establishes if a publicly accessible business registry platform exists before asking three distinct questions about its specific features.

4. Parameters

General Parameters

Company location:

Largest City



Geographic location determines the regulatory framework, public services provision, and the efficiency of business entry.

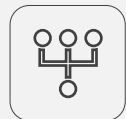
Corporate legal form: Most common type of limited liability company



Some legal requirements and procedures needed to formally start a business are different depending on the corporate legal form of the company.

4. Parameters

Specific Parameters



Number of Shareholders: 5

The number of shareholders is a critical parameter for assessing business entry, as higher counts typically increase the complexity, time, and cost of registration requirements like notarization and verification procedures.



Size – start-up capital:

Domestic company: 5x GNI per capita (low-income/upper-middle-income economies) and USD 13,936 (high-income economies)

Foreign company: USD 500,000 (all economies)

Incorporation processes can change widely depending on the size of the company. To specify the size of the company, Business Entry includes a parameter on start-up capital.



Number of Employees:

5 (domestic company) and 12 (foreign company)

The number of employees is a vital parameter because crossing specific thresholds triggers additional labor registrations, social security obligations, and safety compliance for SMEs. The parameters are informed by World Bank Enterprise Surveys.

5. Preliminary Topic Scoring

Pillar	Title	No. of indicators	FFP	SBP	Total points	Rescaled points	Weight
I	Quality of Regulations for Business Entry	31	18	20	38	100	0.33
II	Digital Public Services and Transparency of Information for Business Entry	24	24	24	48	100	0.33
III	Operational Efficiency of Business Entry	4	100	n/a	100	100	0.33



*Scoring will consider the perspectives of entrepreneurs (firm flexibility points) and broader public interests (social benefits points).

6. Data Sources

Data collection sources

Pillars I, II, and III

- **Private sector experts:** Practitioners, lawyers, and notaries working in the business start-up process

Screening and selection of experts

- › **Considered experts' professions:** Lawyers, notaries, tax advisors, accountants.
- › **Considered experts' areas of specialization:** Business incorporation, corporate law, tax registration, domestic and foreign investment, etc.
- › **Assessment of experts' knowledge and experience related to Business Entry:** Knowledge of the laws and regulations affecting business incorporation and registration; knowledge of laws and regulations on foreign investment; experience with submitting applications for new company registration; experience with applying for business operational licenses; experience assisting new businesses to comply with other business start-up processes such as tax registration and bank account opening.

Q&A

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